

HOUSE BILL 3120

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 31; Title 4, Chapter 51; Title 8, Chapter 4; Title 9, Chapter 4 and Title 49, relative to state lottery proceeds and programs funded by state lottery proceeds. This act makes appropriations for programs funded by state lottery proceeds for an indefinite period of time.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-51-111(b), is amended by deleting subdivision (4) in its entirety and by substituting instead the following language:

(4)

(A) A special reserve subaccount shall be maintained within the lottery for education account. The amount of the special reserve subaccount shall be equal to one percent (1%) of net lottery proceeds deposited into the lottery for education account from all deposits made to the fund from the initial deposit until the last deposit made in fiscal year 2007-2008. Transfers to the special reserve subaccount shall be made from the lottery for education account quarterly until the end of such fiscal year. The amount in the special reserve subaccount may be used to make or support loans to local government units for educational programs and purposes in accordance with article XI, § 5 of the Constitution of Tennessee and to pay or secure debt issued for such programs and purposes as otherwise provided by law. Such amount shall supplement, not supplant, non-lottery educational resources for such programs and purposes. Notwithstanding any provision of this section to the contrary, treasurer's earnings on the special reserve subaccount shall be credited to the special reserve subaccount to be used in a manner consistent with this subdivision (b)(4).

(B) After the last deposit made in fiscal year 2007-2008, all funds accumulated in the special reserve subaccount shall be deemed excess lottery funds and shall be transferred into the project loan account created pursuant to § 4-31-1013. After such transfer, the special reserve subaccount shall be closed and deemed obsolete.

SECTION 2. Tennessee Code Annotated, Section 4-31-1007, is amended by deleting subsection (c) in its entirety and by substituting instead the following language:

(c) In the event there are not sufficient funds in the state share of the nonclassroom capital outlay portion of the basic education program fund still held by the commissioner of finance and administration for the local education agency to cure the deficiency in repayments to the authority, the commissioner shall transfer to the authority funds equal to the amount of the remaining payment deficiency from the Tennessee lottery funds for education projects loan account as established by § 4-31-1013, subject to any limitations on the use of the subaccount established pursuant to § 4-31-1004(a). The commissioner of education shall instruct the commissioner of finance and administration to withhold from the state share of the nonclassroom capital outlay portion of subsequent basic education program funds apportioned to such local education agency an amount to replenish the Tennessee lottery funds for education projects loan account equal to the amount transferred to the authority.

SECTION 3. Tennessee Code Annotated, Title 4, Chapter 31, Part 10, is amended the following language as a new section:

Section 4-31-1013.

(a) There is created a special account in the state treasury to be known as the "Tennessee lottery funds for education projects loan account", hereinafter referred to as the "project loan account".

(b)

(1) Moneys in the project loan account shall be used exclusively as provided in this part and in a manner consistent with the provisions of § 4-51-111(b)(4).

(2) Moneys in the project loan account may be invested by the state treasurer in accordance with the provisions of § 9-4-603.

(3) Notwithstanding any provision of law to the contrary, interest accruing on investments and deposits of the project loan account shall be credited to such account, shall not revert to the general fund, and shall be carried forward into the subsequent fiscal year.

(4) Any balance remaining in the project loan account at the end of a fiscal year shall not revert to the general fund but shall be carried forward into the subsequent fiscal year.

(c) In addition to the funds transferred to the project loan account pursuant to § 4-51-111(b)(4)(B), the general assembly may appropriate additional funds from the lottery for education account to the project loan account in any fiscal year in which the financial assistance program for attendance at post-secondary educational institutions located within this state is funded pursuant to title 49, chapter 4, part 9, and excess is available from net lottery proceeds for other educational purposes and projects consistent with article XI, § 5 of the Constitution of Tennessee.

SECTION 4. The provisions of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.